



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

WASHINGTON, D.C. 20245

ask
117

IN REPLY REFER TO:

Office of Indian Services
BCCO 1330

MAY 6 1985

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Honorable Al McCandless
House of Representatives
Washington, D.C. 20515

Dear Mr. McCandless:

This will respond to and thank you for your referral of correspondence from [redacted] in which she enclosed a copy of an editorial to the Daily News, relative to the business affairs of the Cabazon Band of Mission Indians. We apologize for the long delay in responding. You asked what the Bureau of Indian Affairs can do about the situation [redacted] describes.

As I am sure you are aware, California is a Public Law 280 State, which means the state has jurisdiction with respect to criminal offenses and civil actions committed or arising on Indian reservations within the state. As such, we are without authority to act on the matters described in your editorial which are of a criminal nature.

We are, however, by copy of this letter referring your correspondence and enclosures to the Department of Justice's Federal Bureau of Investigation, with a request that that agency contact you directly about whatever assistance that agency may be able to provide in this matter. We feel certain the FBI will be in contact with you in the very near future.

Your interest and concern in this matter is greatly appreciated.

Sincerely,

/s/ John W. Fritz

Deputy Assistant Secretary -
Indian Affairs

CC: (FBI w/copy of incoming
FOR DIRECT RESPONSE

198 D - 96 - 1

SEARCHED	INDEXED
SERIALIZED	FILED

[redacted]

Daily News

40 Towne Street Indio, California 92201
(714) 347-3313

Karen Oppenheim
Vice President & Publisher

February 5, 1985

The Honorable William Bradley
State Assemblyman - 76th District
State Capitol
Sacramento, California 95814

Dear Assemblyman Bradley: *Congressman McCandless*

Almost four years ago Fred Alvarez, former vice chairman and security chief for the Cabazon Band of Mission Indians, walked into the editorial offices of the Daily News and asked to talk to someone. Alvarez was concerned about what he believed was mismanagement of the financial affairs of the tiny, 23-member tribe. He made it clear that he felt his life was in jeopardy because he had raised questions about the Cabazon business operations.

A month later, shortly after the fifth in a series of meetings between Alvarez and Daily News editors, he and two other persons were murdered in the back yard of his home. No one has ever been charged with the crime.

In the ensuing years, tribal business activities have been plagued by bankruptcies, police raids and allegations of mail fraud and skimming of cash. The band itself has been split, perhaps irrevocably, by disputes over the business operations.

The controversies climaxed in January when John Philip Nichols, the non-Indian consultant hired by the Cabazons to direct their business activities, was charged with attempting to hire two people to murder five persons.

Nichols came to the tribe six years ago after leaving a similar post with an Arizona tribe which had accused him of mishandling their business affairs. He also had previously been investigated by the U.S. Indian Health Service after health programs operated by a Nichols company at four Indian centers in the Southwest had collapsed because of financial problems.

More recently, in September, 1984, he had been accused in court, filed by two former associates of targeting others for contract murders as well as skimming of funds from tribal businesses.

Over the past six years, agencies at many levels have been involved in the Cabazon case, including local law enforcement, the Internal Revenue Service, United States Postal Inspection Agency, California Department of Labor, Riverside County District Attorney's Office, Bureau of Indian Affairs, California Attorney General's Office and State Franchise Tax Board.

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FBI - LOS ANGELES	

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There is no question that the potential for abuse of the special rights accorded Indians by the federal government exists, not only with the Cabazon band, but with tribes all over the United States. And as more and more tribes attempt to utilize their special legal status to assert their economic independence, the dangers will be multiplied. What we are seeing with the Cabazons may be only the tip of the iceberg of what eventually could emerge as a national scandal.

It is our hope that the enclosed editorial will spark someone to seek further investigation.

Sincerely,



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b7C

Enclosure

1330

The Cabazons: Time to clear the air

There undoubtedly were dreams of riches for each of the members of the tiny Cabazon Band of Mission Indians seven years ago when John Philip Nichols arrived on their dusty 1,750-acre reservation outside of Indio. Nichols, hired as a consultant to the Cabazons, brought with him the promise of prosperity and the knowledge of how to take advantage of the special legal status enjoyed by Indian tribes in the United States.

He also brought with him a clouded past, marked by allegations of financial mismanagement in connection with his dealings with a number of other tribes.

Yet, to a tiny 23-member band which had been mired in poverty for the past 100 years, the promises must have sounded good. But what the Cabazons got instead of wealth was involvement in one murky deal after another, a number of controversial businesses tainted by bankruptcy, a myriad of legal entanglements and soaring attorneys' fees, police raids on tribal businesses and a rift among the tribe that in all probability will never be healed.

Today, John Philip Nichols sits in the Riverside County jail in Indio, formally charged by police with attempting to hire two people to murder five persons. While police say there is no evidence to connect the murder-for-hire charges to Nichols' role as consultant to the Cabazons, his arrest is the climax to a controversial seven-year period which has seen his name linked to allegations of involvement in government-backed covert actions, illegal skimming of money and connections with the slaying of a former Cabazon tribal official and two other persons.

Backed by U.S. Supreme Court decisions ordering state and local governments to keep hands off Indians and their affairs, Nichols shortly after his arrival had the tribe operating a tax-free liquor and mail-order cigarette business. Although it was described by one non-Indian investor as a "money machine," the cigarette business filed for bankruptcy in 1980 after a federal court ruled that non-Indians must pay taxes on items sold on reservation land.

Allegations of mail fraud which surfaced following that bankruptcy were investigated by the Indio Police Department, with their findings turned over to the Internal Revenue Service, U.S. Postal Inspection Agency and the California Department of Labor. No action ever resulted from the investigation, however.

Undaunted, the tribe in October, 1980 opened a poker casino on reservation land. It quickly became embroiled in controversy when, within days of its opening, the casino was raided by Indio police. It was reopened by court injunction shortly afterward, and the city eventually lost its bid to shut down the casino for good when a federal judge ruled that the reservation was

not within the city limits.

In the meantime, the tribe in December of 1981 had filed for reorganization under federal bankruptcy laws. As part of the proceedings in the bankruptcy case, a group of dissident tribal members filed a complaint alleging that non-Indians running the cardroom were reaping most of the profits.

Despite the two bankruptcies, Nichols and the tribe were still able to come up with enough money to build a skeet-shooting range in 1982 and a bingo parlor in 1983.

According to a Los Angeles magazine article published last year, both the casino and bingo parlor now gross more than \$1 million annually.

Despite the apparent millions of dollars that have flowed through the various tribal businesses over the past seven years, the individual members of the tribe have received virtually nothing. Members of the tribe questioning the Nichols operations say there has never been any true accounting of exactly how much money the businesses take in or where it goes.

Some however, believe they know where the money is going. In court statements filed in connection with a lawsuit last summer, former employee James Hughes Jr., along with retired armaments company executive Peter Zokosky, who was described at one time by Nichols as an "unofficial adviser" to the tribe, both charged that Nichols was skimming money from the tribal businesses.

Hughes also alleged that Nichols had attempted to hire someone to have him (Hughes) and an Indio developer murdered.

Federal courts have declared that American Indian tribes are answerable only to the U.S. government. If so, then now is the time for the federal government to exercise its delegated authority to make certain the Cabazon businesses are operating within the law and that the tribe's special legal status is not being abused.

The Bureau of Indian Affairs is strangely silent whenever questions are asked about Nichols and his business relationship with the tribe. But simply because Nichols and his family operate with the apparent blessing of the tribal leadership, their actions should not be accepted without question by those responsible for overseeing the welfare of Indian tribes.

What will it take to clear the air? Our elected representatives now should push the appropriate federal agencies to launch a formal investigation of the financial dealings of the Cabazon tribe.

If the tribe's affairs are in order, then there should be no objection to an independent agency conducting a full inquiry to satisfy everyone concerned that the interests of every Cabazon member are being protected.

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Reprinted from the **Daily New** Indio, CA., Tues, Jan. 29, 1985

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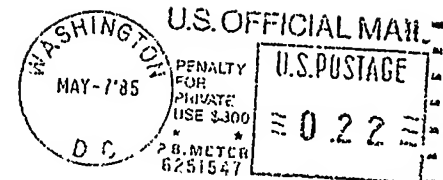
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
WASHINGTON, D. C. 20245

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

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Federal Bureau of Investigation
J. Edgar Hoover Building
Washington, D.C. 20535





United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

WASHINGTON, D.C. 20245

IN REPLY REFER TO:

Office of Indian Services
BCCO 1305

MAY 6 1985

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[Redacted]
Daily News
45-140 Towne Street
Indio, California 92201

Dear [Redacted]

This will respond to and thank you for your recent letter to Secretary Clark in which you enclosed a copy of an editorial to the Daily News, relative to the business affairs of the Cabazon Band of Mission Indians. We apologize for the long delay in responding. Specifically, you are concerned about the possible abuse of the tribe's legal status by a consultant hired by the tribe to manage its businesses and urge the Federal Government to conduct an inquiry to satisfy all concerned that the interests of the tribe and its members are being protected.

As I am sure you are aware, California is a Public Law 280 State, which means the state has jurisdiction with respect to criminal offenses and civil actions committed or arising on Indian reservations within the state. As such, we are without authority to act on the matters described in your editorial which are of a criminal nature.

We are, however, by copy of this letter referring your correspondence and enclosures to the Department of Justice's Federal Bureau of Investigation, with a request that that agency contact you directly about whatever assistance that agency may be able to provide in this matter. We feel certain the FBI will be in contact with you in the very near future.

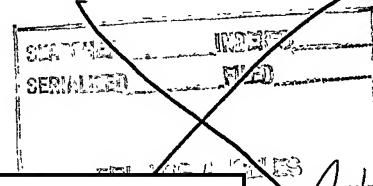
Your interest and concern in this matter is greatly appreciated.

Sincerely,

/S/ John W. Fritz *nmw/aw*

Deputy Assistant Secretary
Indian Affairs

CC: / FBI w/copy of incoming -
FOR DIRECT RESPONSE



Daily News

45-140 Towne Street Indio, California 92201
(714) 347-3313

Karen Oppenheim
Vice President & Publisher

February 5, 1985

Mr. William Clark, Secretary
Department of the Interior
"C" Street between 18th & 19th Sts., N.W.
Washington, D. C. 20240

Dear Secretary Clark:

Almost four years ago Fred Alvarez, former vice chairman and security chief for the Cabazon Band of Mission Indians, walked into the editorial offices of the Daily News and asked to talk to someone. Alvarez was concerned about what he believed was mismanagement of the financial affairs of the tiny, 23-member tribe. He made it clear that he felt his life was in jeopardy because he had raised questions about the Cabazon business operations.

A month later, shortly after the fifth in a series of meetings between Alvarez and Daily News editors, he and two other persons were murdered in the back yard of his home. No one has ever been charged with the crime.

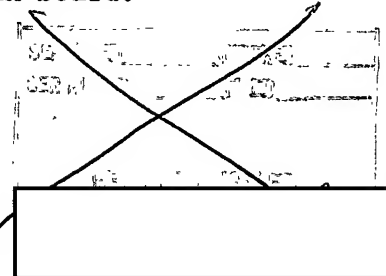
In the ensuing years, tribal business activities have been plagued by bankruptcies, police raids and allegations of mail fraud and skimming of cash. The band itself has been split, perhaps irrevocably; by disputes over the business operations.

The controversies climaxed in January when John Philip Nichols, the non-Indian consultant hired by the Cabazons to direct their business activities, was charged with attempting to hire two people to murder five persons.

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More recently, in September, 1984, he had been accused in court documents filed by two former associates of targeting others for contract murders as well as skimming of funds from tribal businesses.

Over the past six years, agencies at many levels have been involved in the Cabazon case, including local law enforcement, the Internal Revenue Service, United States Postal Inspection Agency, California Department of Labor, Riverside County District Attorney's Office, Bureau of Indian Affairs, California Attorney General's Office and State Franchise Tax Board.



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It is our hope that the enclosed editorial will spark someone to seek further investigation.

Sincerely,



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b7C

Enclosure

1305

TRANSMIT VIA: AIRTEL

CLASSIFICATION: _____

DATE: 5/24/85

FROM: DIRECTOR, FBI

✓ TO: SAC, LOS ANGELES

JOHN PHILLIP NICHOLS;
 INFORMATION CONCERNING
 OO: LOS ANGELES

John Nichols
120-839 x 70
87-4604 - 1000
John P. Nichols
196-1494 x (V83)

RE LOS ANGELES AIRTEL AND LHM dated 1/30/85.

Enclosed herewith for the Los Angeles Division are two copies of the following: an editorial from The Daily News, Indio, California dated 1/29/85; a letter from [redacted] dated 2/5/85; a letter from John W. Fritz, dated 5/6/85; a letter to Congressman McCandless from [redacted] dated 2/5/85 and a letter to Congressman Al McCandless from John W. Fritz dated 5/6/85.

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Los Angeles' attention is directed to your referenced airtel and LHM which sets forth information concerning John Phillip Nichols and his family and their dealings with the Cabazon Band of Mission Indians.

Los Angeles is requested to interview [redacted] [redacted] Daily News, 45-140 Towne Street, Indio, California for information concerning any violation in which the FBI has investigative jurisdiction.

Results of the above interview should be directed to the attention of the Fugitive/General Government Crimes Unit, FBIHQ.

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Rec @
 PSRH
 6/20/85

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98D-96-2

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[redacted]

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HOUSE OF REPRESENTATIVES, U.S.
WASHINGTON, D.C.

June 10, 1985

Congressional Liaison
FBI
Room 7240, 10th and Pa., NW
Washington, D. C. 20535

The attached communication is submitted for your consideration, and to ask that the request made therein be complied with, if possible.

If you will advise me of your action in this matter and have the letter returned to me with your reply, I will appreciate it.

I would appreciate a briefing on federal involvement in the Cabazon Indian case; thank you.

Staff contact;



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Very truly yours,

Al McLandless


M.C.

37-CA.

District.

198D-96-4

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 24 1985	
FBI - LOS ANGELES	

A rectangular box used to redact information, likely a name or title.

June 20, 1985

Honorable Al McCandless
House of Representatives
Washington, D. C. 20515

Dear Congressman McCandless:

① Your June 10th inquiry on behalf of [redacted]
[redacted] regarding matters involving the Cabazon Band of
Mission Indians has been brought to my attention.

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Based on the May 6th letter from Mr. John W. Fritz
of the Department of the Interior, I instructed our Los Angeles
Office to look into [redacted] concerns. I will be
back in touch with you as soon as possible.

Your enclosure is being returned as requested.

Sincerely yours,

Oliver B. Revell
Assistant Director
Criminal Investigative Division

Enclosure

- ① - Los Angeles - Enclosures (2)
ReBuairtel 5-24-85.

C-1

198D-96-5

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 24 1985	
FBI-LOS ANGELES	

[redacted]

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 7/5/85

TO: DIRECTOR, FBI
 ATTN: FUGITIVE/GENERAL GOVERNMENT CRIMES UNIT

FROM: SAC, LOS ANGELES (198D-96) (PSRA/C-1) (C)

RE: JOHN PHILLIP NICHOLS;
 INFORMATION CONCERNING
 OO: LOS ANGELES

Re Bureau airtel to Los Angeles, 5/24/85.

As requested in referenced airtel, contact was made with [redacted] of the Desert Sun Publishing Company, Palm Springs, California, which prints the Desert Sun of Palm Springs and The Daily News of Indio, California.

[redacted] was contacted 6/26/85, and stated she personally had no pertinent information as the basis of her communications was background work done by [redacted] Managing Editor of The Daily News in Indio, California.

[redacted] stated she had heard of inquiries by Congressman UDALL and the sub-committee hearings in San Diego County, California, regarding the Barona Indian nation.

[redacted] stated her only reason for her communications was to let the Congressional Committee known of the controversy surrounding the operations of The Cabazon Band of Mission Indians in Indio, California.

[redacted] requested additional contact on 6/27/85, so she could make [redacted] available in case he did in fact have pertinent information to share with the FBI.

3- Bureau
 1- Los Angeles
 JTW/lmc
 (4)

Approved: _____ Transmitted _____

(Number)

(Time)

Per

198D-96-7

LA 198D-96

On 6/27/85, contact was made with [] and [] at The Daily News office in Indio, California. [] stated he had no idea of the jurisdictional responsibilities of the FBI and he had no further data beyond that carried in The Daily News editorial of 1/29/85. [] stated he felt the same as [] that Congress should be aware and did not know if anyone had already done so.

Both [] expressed their appreciation that the FBI would take the time to respond to them regarding this matter. Both [] advised they would contact the Palm Springs Resident Agency of the FBI should they receive any further information which may be of value.

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For information of the Bureau, JOHN PHILLIP NICHOLS has pleaded guilty to two counts of soliciting for the contract murder of two people. NICHOLS was sentenced to four years in the State penitentiary. These solicitations had nothing to do with Indian affairs, but rather were to kill two people NICHOLS suspected of furnishing []

File - Serial Charge Out
FD-5 (Rev. 6-17-70)

File _____ Class. _____ Case No. _____ Last Serial _____ Date _____

☐ Pending

☐ Closed

Serial No.	Description of Serial	Date Charged
1		6/10
2	09a	11
3	Dept. of Int. let, 5-6-85	7-24
4	House of Rep. let, 6-10-85	
5	Revell let, 6-20-85	
6		

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RECHARGE

Date _____

To _____ From _____

Initials of Clerk

Date

Date charged

Employee

Location

C

September 11, 1985

Honorable Al McCandless
House of Representatives
Washington, D. C. 20515

Dear Congressman McCandless:

I am writing in reference to your June 10th inquiry on behalf of [redacted] regarding matters involving the Cabazon Band of Mission Indians. Former Assistant Director Revell replied earlier and advised that we would look into the matter.

[redacted] Managing Editor of The Daily News in Indio, California, were interviewed by an FBI representative. Neither one of them had any pertinent information relative to possible criminal acts involving the Cabazon Band of Mission Indians. They both advised that their primary concern was that Congress be made aware of the controversy surrounding the operations of the Cabazon Band of Mission Indians. Neither [redacted] was aware that in California the state has jurisdiction with respect to criminal offenses and civil actions committed or arising on Indian reservations within the state.

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[redacted] expressed their appreciation for the FBI's concern in contacting them and advised that they would contact the FBI should they receive any further information which might be of interest.

Sincerely yours,

Floyd I. Clarke
Assistant Director
Criminal Investigative Division

① - Los Angeles (198D-96)
ReBuairtel 5/24/85 and urairtel 7/5/85.

198D-46 - 8

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 17 1985	
FBI—LOS ANGELES	

Transmit attached by Facsimile

UNCLAS

Precedence

IMMED

To: DIRECTOR FBI

From: ATTN [REDACTED]

SAC LOS ANGELES 198-96

Subject: JOHN PHILLIP NICHOLS
INFO CONCERNING

Date:

9-3-85

Time: Transmitted -

Initials -

☐ Fingerprint Photo

☐ Fingerprint Record

☐ Map

☐ Newspaper clipping

☐ Photograph

b6

b7C

☐ Artists Conception

☒ Other

AIRTEL

Special handling instructions:

DELIVER TO
EXT [REDACTED]

ROOM 6218,

Approved: [Signature]

FBI/DOJ